(b) if so, what is the rate of decline since January, 1980 to June, 1986;

(c) what are the main causes for such fast decline; and

(d) whether any remedial measures have been suggested/taken by Govrnment?

THE MINISTER OF STATE IN THE DEPARTMENT OF EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI B. K. GADHVI): (a) and (b) The foreign exchange reserves (excluding Gold and Special Drawing Rights) which stood at Rs. 5395.02 crores at the end of December, 1979 increased to Rs. 7084.91 crores at the end of June, 1986.

(c) and (d) Do not arise.

News item captioned 'Banks give Rs. 18 crores without guarantee'

1979. SHRI CHIMANBHAI MEHTA:

SHRI SHANKER SINH VAGHELA:

Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention has been drawn to a news-item captioned "Banks give Rs. 18 crores without guarantee" published in Patriot of the 22nd September, 1986; if so, what are the details thereof;

(b) whether it is a fact that various nationalised banks have advanced over Rs. 18 crores around 1979 to PT Five Star Industries Limited located in Bandung, Indonesia;

(c) what are the names of promoters of this Company; and

(d) what action is being taken by the Government in the matter?

THE MINISTER OF STATE IN THE DEPARTMENT OF EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI B. K. GADHVI): (a) to (d) Government have seen the news-item referred to in the Question alleging lapses on the part of Indian banks in financing M/s. P. T. Five Star Industries Ltd., Indonesia, an Indian Joint-venture company, established in Indonesia.

A consortium of four Indian banks had financed from their overseas branches M/s. P. T. Five Star Industries Ltd., a Joint Venture Company set up at Bandung, Indonesia jointly by M/s. Bombay Dyeing and Manufacturing Company Ltd. Bombay, Commonwealth Textiles (Jakarta) Ltd. of Hongkong and P. T. Multinational Finance Corporation Ltd. of Indonesia. At the time of grant of the various facilities, the consortium of banks had obtained the usual securities in accordance with the normal practice. The question of obtaining personal guarantees from Indian promoters did not arise as under the Foreign Exchange Regulation Act, persons resident in India were not expected at that time to guarantee loan taken in foreign exchange by companies located abroad.

The Indian joint-venture company started incurring losses right from its inception due to a number of reasons such as delay in project implementation, marketing problems, demand recession, sharp increase in financial charges, slow realisation of receivables and devaluation of Indonesian Rupiah. According to Reserve Bank of India, though the Company is working to almost its full capacity and has started generating cash surpluses, the earnings are not adequate to service the debts and show profits. The performance of the unit is, however, being watched closely by the concerned banks.

Loans given to sick units/industries by the Indian Overseas Bank in Kerala

1980. SHRI K. GOPALAN:

SHRI V. GOPALSAMY:

Will the Minister of FINANCE be pleased to state:

(a) what is the amount of loans given to sick units/industries in